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FCC Mail Room

Appeal Letter for 131262

Application #: 499655, 495449, 572376, 597140

Appeal Letter for 131262 (Central Montcalm Public Schools, Stanton, MI.)

CC Docket No. 02-6, No. 96.45

**Form 471 Application Numbers:** 499655 and 495449 (2006), 572376 (2007), 597140 (2008)  
**FRNs:** 1375085 and 1370832 (2006), 1580771 and 1580805 (2007), 1647535 and 1647537 (2008)  
**Funding Year:** 2006, 2007, 2008 (multi-year contract)  
**Billed Entity Number:** 131262  
**Billed Entity Name:** Central Montcalm Public School District  
**Form Identifiers:** CMPS-Alternative and Central-Internet (2006), Central 2007 Email 471 (2007), Central 08 Email (2008)

**Date of USAC FCDL Denial:** August 16, 2011 (2006), August 3, 2011 (2007), August 1, 2011 (2008)  
**Service Provider:** Crystal Automation Systems Inc  
**SPIN:** 143004346

**Contact Name:** Jake Helms, Superintendent  
**Contact Address:** 1480 S. Sheridan Rd., PO Box 9, Stanton, MI 48888  
**Contact Telephone Number:** (989) 831-2000  
**Contact Fax Number:** (989) 831-2010  
**Contact E-mail Address:** [jhelms@central-montcalm.org](mailto:jhelms@central-montcalm.org)

**Appeal Prepared By:** Janelle Morgan, USF Consultant  
**Phone Number:** (800) 705-9703, **Fax Number:** (815) 717-9761  
**CRN:** 16043589  
**E-mail Address:** [Janelle@elitefund.com](mailto:Janelle@elitefund.com)

This letter is an appeal for the 2006, 2007, and 2008 Funding Commitment Decision Letters for SPIN 143004346, FRNs 1375085 and 1370832 (2006), 1580771 and 1580805 (2007), and 1647535 and 1647537 (2008). The school received the Funding Commitment Decision Letters on August 16, 2011 for Funding Year 2006, which included a denial for FRNs 1375085 and 1370832. The denial reasons were as follows: *"USAC has evidence of a stock purchase agreement between Steven R Meinhardt of Crystal Automation Systems, Inc., and Roger Hoezee, which was effective July 1, 2006. In this agreement, Meinhardt sold Elite Fund to Hoezee. This purchase demonstrates that the two companies, Crystal Automation Systems and Elite Fund, were a single entity prior to July 1, 2006. During the time when Elite Fund, Inc. was a part of Crystal Automation Systems, Inc., Elite is considered a service provider and therefore cannot act as an independent consultant on behalf of applicant or assist them with the those tasks that service providers are prohibited from undertaking. The FCC Form 470 must be completed by the entity that will negotiate for eligible products and services with potential service providers and cannot be a service provider. Furthermore, service providers that participate in the competitive bidding process as a bidder cannot be involved in the preparation or certification of the entity's FCC Form 470. Because Elite Fund executed these tasks while it was part of Crystal Automation Systems, the applicant was not in compliance with FCC rules which require applicants to conduct a fair and open competitive bidding process free from conflicts of interest. Therefore, FCC Form 471 Application # 499655 FRN 1375085 [and Application # 495449 FRN 1370832] is denied."* The 2006 FRNs were for a three year multi-year contract, so the FRNs for 2007 and 2008 were also denied because *"...the establishing FCC Form 470 Application 844250000548560 was filed on November 28, 2005. During this time Elite Fund, Inc. and Crystal Automation Systems, Inc. were still a single entity."*

Elite Fund, Inc. was owned by Steve Meinhardt until July 1, 2006 (see Attachment A, stock purchase agreement). During this time, Steve Meinhardt also owned Crystal Automation Systems Inc. (SPIN 143004346). Even though Elite Fund, Inc. and Crystal Automation Systems Inc. were owned by the same person, the companies were run completely separate (see Attachment B, Articles of Incorporation). Elite Fund, Inc. rented office space from the Crystal Automation Systems complex until June 30, 2006 (see Attachment C, profit and loss detail). No employee of Crystal Automation Systems has ever been involved in Elite Fund's school consulting services, including Steve Meinhardt. The first E-rate relationship by Elite Fund was formed with us, Central Montcalm Public Schools and the Montcalm Area ISD. George Winchell, now an employee of Elite Fund, was the tech director at Central Montcalm when E-rate started. A short time later, Winchell retired from the school district on October 1, 1999 and was asked by Central Montcalm to continue performing the E-rate services as an independent consultant. Because of George's relationship with many employees of other school districts, ISDs, etc., word spread that he understood the E-rate process and so other schools and ISDs asked him to prepare their E-rate forms. On that basis, the business of Elite Fund was started. When George Winchell retired from the school system, he worked through Crystal Automation Systems to provide independent consulting services to schools in the state of Michigan. Laws regarding Michigan's educational pension prevented a retired school employee from drawing the Michigan pension while working for schools. Thus, George Winchell became an employee of Crystal Automation Systems as an independent consultant for E-rate services only. As stated in the Elite Fund, Inc. scope of service (see Attachment D):

1. Elite Fund, Inc. provides consultative services only. Elite Fund provides no products or services which qualify for E-Rate funding.
  - a. Elite Fund recommends no product, service, or vendor.
  - b. It is the district's responsibility to make all decisions regarding applications, vendors, products, or services.

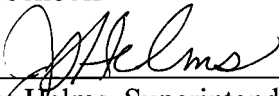
Elite Fund, a separate company, was formed in 2003 with George Winchell as president. In September 2003, Winchell completely severed all ties with Crystal Automation Systems. Because Crystal Automation Systems had offices available for rent in their complex, Elite Fund moved into available office space. Just as did the other companies renting Crystal Automation Systems office space, Elite Fund paid market price for rent, utilities, maintenance, Internet, and other tenant related costs to Crystal Automation Systems (see Attachment C, profit and loss detail).

Elite Fund has made every effort to be vendor neutral in all of its school/library partnerships, as written in our company mission statement, posted on our website, and included in our Scope of Services, which became a part of our contract with our clients (see Attachment E).

On behalf of Central Montcalm Public Schools, we strongly ask you to reconsider these decisions and support payment for these services. Thank you very much for your time and consideration of this appeal. If there is anything else I can provide you to help clarify this appeal request, please do not hesitate to contact me.

Most respectfully,

Jake Helms, Superintendent  
Central Montcalm Public Schools

Authorized Signature:  \_\_\_\_\_ Date: September 9, 2011  
Jake Helms, Superintendent  
Central Montcalm Public Schools

Attachment A

### STOCK PURCHASE AGREEMENT

This Agreement is entered into effective on July 1, 2006, between Steven R. Meinhardt ("Seller"), Roger Hoezee ("Buyer"), and Elite Fund, Inc. ("Elite Fund").

#### Background

A. Elite Fund is a Michigan corporation engaged in the business of acting as an independent consultant that assists in document preparation for applicants for E-rate funding (the "Business") at 406 N. State Street, Suite C, Stanton, Michigan 48888.

B. Seller has devised and implemented a comprehensive methodology for assisting in the preparation of applications for E-rate funding.

C. Seller owns all of Elite Fund's issued and outstanding capital stock, being 100 shares of common stock ("Shares"). Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, the Shares on the terms of and subject to the conditions of this Agreement.

D. As a further condition to Buyer's willingness to purchase the Shares, Seller has agreed not to compete with Buyer or Elite Fund in the conduct of the Business on the terms contained herein.

In consideration of the Background and the terms and conditions set forth in this Agreement, Seller and Buyer agree as follows:

1. **Agreement of Purchase and Sale of the Shares.** On the terms and subject to the conditions set forth in this Agreement, Seller agrees to sell and deliver to Buyer, or an entity to be formed by Buyer, on the Closing Date, the Shares, and Buyer agrees to purchase the Shares from Seller.

2. **Consideration.** [REDACTED]

3. **Earn Out.** [REDACTED]

a. The Earn Out Amount will be paid on a quarterly basis (the "Payment Period"). Quarterly payments owed to Seller by Buyer for each Payment Period shall be established, based upon gross sales revenues for the preceding fiscal quarter; provided, however, that in no event shall the amount paid by Elite Fund to Seller for any Payment Period be less than [REDACTED]. Payments are due on the fifteenth (15th) day of the first full month following the end of each of Elite Fund's first three quarters for each of Elite Fund's fiscal years, and no later than December 31 of Elite Fund's fourth quarter (the "Quarterly Payments"). The Earn Out Amount shall be applied first to pay any accrued, unpaid interest under the Promissory Note, and then to the principal balance owed under the Promissory Note.

## Attachment A

b. At Seller's option, any Earn Out Amounts accrued during a fiscal quarter in which there occurs a "triggering event" (as defined in this Agreement below), shall be immediately due and payable; provided that the amount owed for such quarter shall be prorated for the number of days that have elapsed during the then-current fiscal year.

4. **Security for Payment of Earn Out Amount.** As security for the performance of all of Buyer's obligations under this Agreement, including payment of all earn out amounts, Buyer shall pledge the Shares to Seller. The Shares shall be held in escrow by Seller or Seller's attorney pursuant to the terms of a certain Stock Pledge Agreement, a copy of which is attached as **Exhibit B** ("Pledge Agreement").

5. **Non-Compete Agreements for Elite Fund Employees.** Until the expiration of the Earn Out Period and the receipt by Seller of all earn out amounts owed under this Agreement, Buyer agrees that Buyer and all present and future employees of Elite Fund shall be required to execute non-compete agreements in a form substantially similar to that which is currently being used by Elite Fund ("Non-Compete Agreements").

6. **Seller's Agreement Not to Compete; Confidentiality.** As additional consideration for Buyer agreeing to purchase the Shares and subject to the terms and conditions of this Agreement, Seller covenants, warrants and agrees that he shall not, either directly or indirectly, until such time as all amounts owed under this Agreement have been paid in full, and for a period of two years thereafter ("Covenant Period"):

a. Participate directly or indirectly, as an employee, owner, or agent in the E-rate funding consulting business within the State of Michigan;

b. Divert from Elite Fund, or, by aid of others, do anything which would tend to divert from Elite Fund any trade or business with any customer or client of Elite Fund with which Seller or the Corporation has or had any contact or association in connection with the E-rate funding business;

c. Solicit, induce or attempt to induce any employee or independent contractor of Elite Fund to (i) leave the employment of or terminate his, her or its contractual relationship with Elite Fund, or (ii) enter into the employ of or a contractual relationship with either Seller, any entity in which the Seller has any interest, whatsoever, or any competitor of Elite Fund;

d. Use, publish, disseminate, distribute or otherwise disclose any Confidential Information (defined below). Notwithstanding this clause (d), Seller may disclose Confidential Information if required (and then only to the extent required) by applicable law; provided, however, that prior to any such disclosure, Seller must provide Buyer with written notice of such pending disclosure, sufficiently in advance thereof so as to allow Buyer a reasonable opportunity to contest such required disclosure; and provided, further, that in connection with any such required disclosure, Seller must use reasonable efforts to cause the intended recipient to treat the Confidential Information required to be disclosed confidentially and otherwise in accordance with this clause (d).

## Attachment A

As used in this Covenant, the term "Business" means the business conducted by Elite Fund prior to the date of this Covenant or during the period within which any amounts remain owed by Buyer to Seller under this Agreement. As used in this Covenant, the term "Confidential Information" means any and all information, regardless of nature or kind, which in any way is related to or concerns Elite Fund or the Business (including, without limitation, information relating to Elite Fund's Services provided, trade secrets, marketing strategies, methods of operation, customer lists and customer contacts, agreements and their terms and conditions, and any other information which is not generally known), whether disclosed orally or in writing, and whether learned, acquired or known by Seller prior to or after the date of this Agreement, except that which Seller can demonstrate: (a) prior to the date of this Agreement, was generally publicly available; or (b) after the date of this Agreement, (i) becomes publicly available without fault of or action on the part of Seller, or (ii) is acquired by Seller from a third party, free of any restrictions as to its disclosure.

Buyer and Seller expressly agree that the Seller's agreement not to compete contained in this Paragraph shall not apply in the event Buyer is in default under this Agreement or if Seller repurchases the Shares from Seller pursuant to the provisions of this Agreement. The parties acknowledge and agree that the covenants set forth above are reasonable and valid in geographical and temporal scope and in all other respects. If any court determines that any covenant set forth above, or any portion of any such covenant, is invalid or unenforceable, the remainder of the covenants set forth above shall not be affected and shall be given full force and effect, without regard to the invalid covenant or the invalid portion. If any court determines that any covenant set forth above, or any portion of any such covenant, is unenforceable because of its duration or geographic scope, such court shall have the power to reduce such duration or scope, as the case may be, and to enforce such covenant or portion in such reduced form.

The parties covenant and agree that, in the event of a breach or attempted breach of any of the covenants set forth above, in addition to any and all legal and equitable remedies immediately available, such covenants may be enforced by a temporary and/or permanent injunction in an action in equity. The parties acknowledge that the remedy at law for a breach or threatened breach of any of the covenants set forth above would be inadequate.

7. **Buyer's Agreement Not to Compete; Confidentiality.** As additional consideration for Seller agreeing to purchase the Shares and subject to the terms and conditions of this Agreement, Buyer covenants, warrants and agrees that he shall not, either directly or indirectly, until such time as all amounts owed under this Agreement have been paid in full, and for a period of two years thereafter ("Covenant Period"):

- a. Participate directly or indirectly, as an employee, owner, or agent in the E-rate funding consulting business within the State of Michigan, except for Elite Fund;
- b. Divert from Elite Fund, or, by aid of others, do anything which would tend to divert from Elite Fund any trade or business with any customer or client of Elite Fund with which Seller or the Corporation has or had any contact or association in connection with the E-rate funding business;
- c. Solicit, induce or attempt to induce any employee or independent contractor of Elite Fund to (i) leave the employment of or terminate his, her or its contractual relationship with Elite Fund, or (ii) enter into the employ of or a contractual relationship with either Buyer, any entity in which Buyer has any interest (except for Elite Fund), whatsoever, or any competitor of Elite Fund;

## Attachment A

d. Use, publish, disseminate, distribute or otherwise disclose any Confidential Information (defined below). Notwithstanding this clause (d), Buyer may disclose Confidential Information if required (and then only to the extent required) by applicable law; provided, however, that prior to any such disclosure, Buyer must provide Seller with written notice of such pending disclosure, sufficiently in advance thereof so as to allow Seller a reasonable opportunity to contest such required disclosure; and provided, further, that in connection with any such required disclosure, Buyer must use reasonable efforts to cause the intended recipient to treat the Confidential Information required to be disclosed confidentially and otherwise in accordance with this clause (d).

As used in this Covenant, the term "Business" means the business conducted by Elite Fund prior to the date of this Covenant or during the period within which any amounts remain owed by Buyer to Seller under this Agreement. As used in this Covenant, the term "Confidential Information" means any and all information, regardless of nature or kind, which in any way is related to or concerns the Elite Fund or the Business (including, without limitation, information relating to Elite Fund's Services provided, trade secrets, marketing strategies, methods of operation, customer lists and customer contacts, agreements and their terms and conditions, and any other information which is not generally known), whether disclosed orally or in writing, and whether learned, acquired or known by Buyer prior to or after the date of this Agreement, except that which Buyer can demonstrate: (a) prior to the date of this Agreement, was generally publicly available; or (b) after the date of this Agreement, (i) becomes publicly available without fault of or action on the part of Buyer, or (ii) is acquired by Buyer from a third party, free of any restrictions as to its disclosure.

The parties acknowledge and agree that the covenants set forth above are reasonable and valid in geographical and temporal scope and in all other respects. If any court determines that any covenant set forth above, or any portion of any such covenant, is invalid or unenforceable, the remainder of the covenants set forth above shall not be affected and shall be given full force and effect, without regard to the invalid covenant or the invalid portion. If any court determines that any covenant set forth above, or any portion of any such covenant, is unenforceable because of its duration or geographic scope, such court shall have the power to reduce such duration or scope, as the case may be, and to enforce such covenant or portion in such reduced form.

The parties covenant and agree that, in the event of a breach or attempted breach of any of the covenants set forth above, in addition to any and all legal and equitable remedies immediately available, such covenants may be enforced by a temporary and/or permanent injunction in an action in equity. The parties acknowledge that the remedy at law for a breach or threatened breach of any of the covenants set forth above would be inadequate.

**8. Buyer's Sale of Elite Fund.** Buyer acknowledges that Seller has created a very efficient and lucrative business model for Elite Fund, and that Seller has, by selling the Shares to Buyer, provided Buyer the opportunity to realize significant earnings. It is the intent of the parties that this Agreement is being entered into with the expectation that Buyer will put forth his best efforts on behalf of Elite Fund to oversee the operations of the Business. Therefore, Seller and Buyer agree that Buyer shall not sell or otherwise transfer any of the Shares, nor cause Elite Fund to issue any additional shares, nor sell all or substantially all of the assets of Elite Fund, unless and until such time as all amounts owed by Buyer to Seller under this Agreement, including the Promissory Note, have been paid in full.

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9. **Call Option.** As additional consideration for Seller agreeing to sell the Shares to Buyer, Seller shall have the absolute right to buy back the Shares for cash pursuant to the terms of this paragraph:

a. **Triggering Event.** Seller shall have the absolute right to buy back the Shares upon the occurrence of any of the following prior to the payment by Buyer to Seller of all amounts owed under this Agreement ("Triggering Event"):

- i. The death or disability of Buyer;
- ii. Failure of Buyer or Elite Fund to pay Seller amounts owed under this Agreement when due;
- iii. The attempted sale or transfer by Buyer of all or any portion of the Shares in Elite Fund;
- iv. The sale of Seller's ownership interest in Casair, Inc.; or
- v. Buyer or Elite Fund's failure to obtain the execution of or to enforce vigorously the terms of the Non-Compete Agreements as to Buyer and all present and future employees of Elite Fund.

b. **Exercise of Right to Repurchase.** In the event Seller elects to exercise his right to buy back the Shares, Seller shall do so by providing Buyer, or Buyer's heirs, executors, administrators, or assigns, written notice of his intent to do so, and closing shall occur within ten (10) days thereafter. In such event, all of Seller's obligations under this Agreement shall terminate as of the date of Closing, including Seller's agreement not to compete contained herein.

c. **Purchase Price.** The purchase price to be paid by Seller to repurchase the Shares shall be Seller's assumption of all liabilities and obligations of Elite Fund as of the date of closing, and the forgiveness by Seller of the balance of the purchase price owed to Seller by Buyer for the Shares as of the date of Closing.

10. **Put Option.** As additional consideration for Buyer agreeing to purchase the Shares from Seller, Buyer shall have the option to require Seller to repurchase the Shares in the event that a) Seller dies; b) inadequate profits of Elite Fund; or c) at Buyer's election ("Put Option"). Provided, that Seller's obligation to purchase the shares from Buyer under this paragraph is expressly conditioned on Elite Fund having no debt other than the Promissory Note as of the date Buyer exercises the Put Option and on the date of closing thereafter, and that any Earn Out payments under the note shall be current, and shall be prorated and paid to Seller for the quarter in which such Closing on the Put Option occurs. The consideration to be paid by Seller to Buyer shall be the forgiveness of the balance owed by Buyer to Seller under the Promissory Note as of the date Buyer exercises the Put Option. In the event that Buyer elects to exercise the Put Option, closing shall occur within sixty (60) days after the date of such election.

11. **Closing.** The closing of the transactions contemplated in this Agreement (the "Closing") shall take place on such date, place, and time as the parties to this Agreement mutually agree ("Closing Date"). All transactions and all documents executed and delivered at the Closing shall be deemed to have occurred simultaneously, and no transaction shall be deemed to have occurred, and no document shall be deemed to have been executed or delivered unless all transactions have occurred and all documents have been executed and delivered.



Attachment A

**12. Representations and Warranties of Seller and Elite Fund.** Seller and Elite Fund represent and warrant to Buyer as follows as of the date of this Agreement and as of the Closing Date, and Seller and Elite Fund acknowledge and confirm, that Buyer is relying on these representations and warranties in entering into this Agreement:

- a. *Organization and Standing.* Elite Fund is a corporation organized, validly existing, and in good standing under the laws of the State of Michigan, and Elite Fund has all requisite power and authority to own its properties and conduct its business as it is now being conducted;
- b. *Articles and Bylaws.* The Articles of Incorporation and the Bylaws for Elite Fund delivered to Buyer by Seller are a true and complete copy of Elite Fund's Articles of Incorporation and Bylaws;
- c. *Capitalization.* Elite Fund's authorized capital stock consists solely of 60,000 shares of common stock, of which 100 shares are issued and outstanding, represented by Certificate No. 1. All of the issued and outstanding Shares are owned of record and beneficially by Seller;
- d. *Authorization.* Seller has the requisite legal capacity to execute, deliver, and perform this Agreement and to consummate any related transactions. This Agreement when executed will be, legal, valid, and binding obligations of Seller and Elite Fund, enforceable against Seller and Elite Fund in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium, or similar laws relating to the enforcement of creditors' rights and by general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity); and
- e. *No Undisclosed Liabilities.* Except as otherwise disclosed on Elite Fund's financial statements, Elite Fund does not have any debts, liabilities, or obligations of any kind or character, whatsoever, whether accrued, absolute, contingent, matured, not matured, known, unknown, or otherwise, and whether or not of a character as would be required to be reflected in a balance sheet of Elite Fund prepared in accordance with GAAP.

**13. Buyer's Representations and Warranties.** Buyer represents and warrants to Seller as follows as of the date of this Agreement and as of the Closing Date, and Buyer acknowledges and confirms, that Seller is relying on these representations and warranties in entering into this Agreement:

- a. *Organization and Standing.* Buyer is an individual, and Buyer has all requisite power and authority to enter into this Agreement and implement its terms. In the event that Buyer forms an entity to purchase the Shares, Buyer represents and warrants that, as of the Closing Date, such entity shall be duly organized, validly existing, and in good standing under the laws of the State of Michigan, and that such entity shall have all requisite power and authority to enter into this Agreement and implement its terms;
- b. *Authorization.* Buyer has the requisite legal capacity to execute, deliver, and perform this Agreement and to consummate any related transactions. This Agreement when executed will be legal, valid, and binding obligations of Buyer, enforceable against Buyer in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium, or similar laws relating to the enforcement of creditors' rights and by general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity); and

## Attachment A

c. **Investment Intent.** Buyer is acquiring the Shares for his own account, for investment, and without any present intention to resell the Shares. Buyer acknowledges and agrees that the Shares have not and will not be registered under the Securities Act of 1933 or the Michigan Uniform Securities Act, and Buyer will not resell the Shares, unless they are so registered or unless an exemption from registration is available.

14. **Termination.** This Agreement may be terminated at any time before the Closing Date as follows:

- a. By Buyer and Seller in a written instrument;
- b. By either Buyer or Seller if the Closing does not occur on the Closing Date; or
- c. By Buyer or Seller if there shall have been a material breach of any of the representations or warranties set forth in this Agreement on the part of the other, and this breach by its nature cannot be cured before the Closing.

15. **Representation of Seller.** Attorney Keith L. McEvoy and the law firm of Parmenter O'Toole represent Seller in this transaction. The parties acknowledge that Parmenter O'Toole has never represented Buyer in any capacity. This Agreement and all exhibits referred to herein have been drafted by Parmenter O'Toole on behalf of Seller, and it contains provisions that may be adverse to Buyer. Buyer is strongly encouraged to retain independent counsel to represent Buyer in this transaction, to review the documents and advise Buyer. Buyer agrees that he has not retained Parmenter O'Toole in this transaction, and shall not depend on Parmenter O'Toole for legal advice with regard to this transaction.

16. **Miscellaneous Provisions.**

a. **Representations and Warranties.** All representations, warranties, and agreements made by the parties pursuant to this Agreement shall survive the consummation of the transactions contemplated by this Agreement, without limitation as to time.

b. **Notices.** All notices, demands, and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed given (a) when personally delivered or sent by facsimile transmission to the party to be given the notice or other communication or (b) on the business day following the day such notice or other communication is sent by overnight courier to the following:

if to Seller: 617 E. Lake Street, Stanton, Michigan 48888, Fax: 989-831-5555

if to Buyer: 1014 Central Avenue, Holland, MI 49423, Fax: 815-572-8604

or to such other address or facsimile number that the parties may designate in writing.

c. **Assignment.** Buyer shall not assign this Agreement, or any interest in it, without the prior written consent of Seller.

d. **Parties in Interest.** This Agreement shall inure to the benefit of, and be binding on, the named parties and their respective heirs, executors, administrators, officers, directors, employees, agents, representatives, successors and permitted assigns, but not any other person or entity.

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- e. **Choice of Law.** This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Michigan.
- f. **Jurisdiction and Venue.** The parties agree that for purposes of any dispute in connection with this Agreement, the Muskegon County Circuit Court shall have exclusive personal and subject matter jurisdiction and venue.
- g. **Counterparts.** This Agreement may be signed in any number of counterparts with the same effect as if the signature on each counterpart were on the same instrument.
- h. **Fax Signatures.** The parties have agreed that fax copies of the signed Agreement shall constitute a valid, enforceable agreement. Each party will mail originals to the respective party upon their execution of this Agreement.
- i. **Entire Agreement.** This Agreement and all related documents, schedules, exhibits, or certificates represent the entire understanding and agreement between the parties with respect to the subject matter and supersede all prior agreements or negotiations between the parties. This Agreement may be amended, supplemented, or changed only by an agreement in writing that makes specific reference to this Agreement or the agreement delivered pursuant to it, and must be signed by the party against whom enforcement of any such amendment, supplement, or modification is sought.

The parties have executed this Agreement on the date set forth beneath their names below.

Seller -



Name: Steven R. Meinhardt

Title: Individually

Date: August 11, 2006

Buyer -



Name: Roger Hoezee

Title: Individually

Date: August 11, 2006

Elite Fund - Elite Fund, Inc.

By: 

Name: Steve R. Meinhardt

Title: Sole Shareholder

Date: August 11, 2006

Attachment B

# ***Michigan Department of Consumer and Industry Services***

## ***Filing Endorsement***

***This is to Certify that the ARTICLES OF INCORPORATION - PROFIT***

***for***

***ELITE FUND, INC.***

***ID NUMBER: 05846D***

***received by facsimile transmission on September 17, 2003 is hereby endorsed filed on September 19, 2003 by the Administrator. The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.***



***In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 19th day of September, 2003.***

***, Director***

***Bureau of Commercial Services***

C&amp;S 500 (Rev. 10/98)

**MICHIGAN DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES  
CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU**

Date Received

(FOR BUREAU USE ONLY)

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

Name

MacLean, Proppe, MacLean &amp; Darnell, P.C.

Address

38285 West Twelve Mile Road

City

State

Zip Code

Farmington Hills

MI

48331

EFFECTIVE DATE:

Document will be returned to the name and address you enter above.  
If left blank document will be mailed to the registered office.

**ARTICLES OF INCORPORATION**

**For use by Domestic Profit Corporations**

(Please read information and instructions on the last page)

Pursuant to the provisions of Act 284, Public Acts of 1972, the undersigned corporation executes the following Articles:

**ARTICLE I**

The name of the corporation is:

ELITE FUND, INC.

**ARTICLE II**

The purpose or purposes for which the corporation is formed is to engage in any activity within the purposes for which corporations may be formed under the Business Corporation Act of Michigan.

**ARTICLE III**

The total authorized shares:

1. Common Shares 60,000

Preferred Shares

2. A statement of all or any of the relative rights, preferences and limitations of the shares of each class is as follows:

**ARTICLE IV**

1. The address of the registered office is:

617 E. Lake Street Stanton, Michigan 48888  
 (Street Address) (City) (ZIP Code)

2. The mailing address of the registered office, if different than above:

(Street Address or P.O. Box) (City) Michigan (ZIP Code)

3. The name of the resident agent at the registered office is: Steven R. Meinhardt

**ARTICLE V**

The name(s) and address(es) of the incorporator(s) is (are) as follows:

Name

Residence or Business Address

Gary T. MacLean

38285 West Twelve Mile Road

Farmington Hills MI 48331

**ARTICLE VI (Optional. Delete if not applicable)**

When a compromise or arrangement or a plan of reorganization of this corporation is proposed between this corporation and its creditors or any class of them or between this corporation and its shareholders or any class of them, a court of equity jurisdiction within the state, on application of this corporation or of a creditor or shareholder thereof, or on application of a receiver appointed for the corporation, may order a meeting of the creditors or class of creditors or of the shareholders or class of shareholders to be affected by the proposed compromise or arrangement or reorganization, to be summoned in such manner as the court directs. If a majority in number representing 3/4 in value of the creditors or class of creditors, or of the shareholders or class of shareholders to be affected by the proposed compromise or arrangement or a reorganization, agree to a compromise or arrangement or a reorganization of this corporation as a consequence of the compromise or arrangement, the compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, or on all the shareholders or class of shareholders and also on this corporation.

**ARTICLE VII (Optional. Delete if not applicable)**

Any action required or permitted by the Act to be taken at an annual or special meeting of shareholders may be taken without a meeting, without prior notice, and without a vote, if consents in writing, setting forth the action so taken, are signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote on the action were present and voted. The written consents shall bear the date of signature of each shareholder who signs the consent. No written consents shall be effective to take the corporate action referred to unless, within 60 days after the record date for determining shareholders entitled to express consent to or to dissent from a proposal without a meeting, written consents dated not more than 10 days before the record date and signed by a sufficient number of shareholders to take the action are delivered to the corporation. Delivery shall be to the corporation's registered office, its principal place of business, or an officer or agent of the corporation having custody of the minutes of the proceedings of its shareholders. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to shareholders who would have been entitled to notice of the shareholder meeting if the action had been taken at a meeting and who have not consented in writing.

Attachment C

3:17 AM

03/12/11

Accrual Basis


**Elite Fund, Inc.**  
**Profit & Loss Detail**  
**All Transactions**

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
<b>Ordinary Income/Expense</b>								
<b>Expense</b>								
<b>Rent</b>								
Bill	10/31/2003	4322	CASair	Administrativ...		Accounts Pay...	1,255.14	1,255.14
Bill	11/30/2003	4323	CASair	Administrativ...		Accounts Pay...	1,255.14	2,510.28
General Journal	12/31/2003	1				Fuel	1,255.14	3,765.42
General Journal	1/1/2004	5				Acct Pay	-1,255.14	2,510.28
Bill	1/31/2004	4703	CASair	Administrativ...		Accounts Pay...	1,255.14	3,765.42
Bill	2/5/2004	4463	CASair	Administrativ...		Accounts Pay...	1,255.14	5,020.56
Bill	2/29/2004	4707	CASair	Administrativ...		Accounts Pay...	1,255.14	6,275.70
Bill	3/31/2004	4710	CASair	Administrativ...		Accounts Pay...	1,255.14	7,530.84
Bill	4/30/2004	5208	CASair	April 2004		Accounts Pay...	1,255.14	8,785.98
Bill	5/31/2004	5209	CASair	April 2004		Accounts Pay...	1,255.14	10,041.12
Bill	7/31/2004	5588	CASair	Monthly		Accounts Pay...	1,255.14	11,296.26
Bill	8/6/2004	5423	CASair	Monthly		Accounts Pay...	1,255.14	12,551.40
Bill	8/31/2004	5974	CASair	Monthly		Accounts Pay...	1,255.14	13,806.54
Bill	9/30/2004	5975	CASair	September		Accounts Pay...	1,255.14	15,061.68
Bill	12/8/2004	6190	CASair	October		Accounts Pay...	1,255.14	16,316.82
Bill	12/20/2004	6397	CASair	November		Accounts Pay...	1,255.14	17,571.96
Bill	12/31/2004	6439	CASair	November		Accounts Pay...	1,255.14	18,827.10
Check	4/24/2005	1161	CASair	6766 Jan		Business Che...	1,255.14	20,082.24
Check	4/24/2005	1161	CASair	6969 Feb		Business Che...	1,255.14	21,337.38
Check	5/20/2005	1169	Steven R. Meinhardt	Jan-May		Business Che...	2,000.00	23,337.38
Check	7/25/2005	1185	CASair	March		Business Che...	1,255.14	24,592.52
Check	7/25/2005	1185	CASair	April		Business Che...	1,255.14	25,847.66
Check	7/25/2005	1185	CASair	May		Business Che...	1,255.14	27,102.80
Check	7/25/2005	1185	CASair	June		Business Che...	1,255.14	28,357.94
Check	9/26/2005	1939	CASair			Business Che...	1,255.14	29,613.08
Check	11/23/2005	1217	CASair	Aug		Business Che...	1,255.14	30,868.22
Check	11/23/2005	1217	CASair	Sep		Business Che...	1,255.14	32,123.36
Check	11/23/2005	1217	CASair	Oct		Business Che...	1,255.14	33,378.50
Check	12/9/2005	1222	Steven R. Meinhardt			Business Che...	2,800.00	36,178.50
Check	12/27/2005	1228	CASair			Business Che...	1,255.14	37,433.64
Check	3/4/2006	1253	Steven R. Meinhardt	JAN-MAR		Business Che...	1,200.00	38,633.64
Check	3/16/2006	1257	CASair	dec 2005		Business Che...	1,255.14	39,888.78
Check	5/3/2006	1277	Steven R. Meinhardt			Business Che...	800.00	40,688.78
Check	6/26/2006	1290	Steven R. Meinhardt			Business Che...	400.00	41,088.78
General Journal	6/30/2006	1016		SET UP REN...		Acct Pay	6,039.31	47,128.09
Check	7/6/2006	1293	Jane Clem			Business Che...	450.00	47,578.09
Check	7/13/2006	1296	Jane Clem			Business Che...	200.00	47,778.09
Check	8/3/2006	1304	Jane Clem			Business Che...	450.00	48,228.09
Check	9/8/2006	1319	Jane Clem			Business Che...	450.00	48,678.09
Check	10/2/2006	1332	Jane Clem			Business Che...	450.00	49,128.09
Check	11/7/2006	1351	Jane Clem			Business Che...	450.00	49,578.09
Check	12/7/2006	1366	Jane Clem			Business Che...	450.00	50,028.09
Check	1/4/2007	1389	Jane Clem			Business Che...	450.00	50,478.09
Check	2/3/2007	1404	Jane Clem			Business Che...	450.00	50,928.09
Check	3/12/2007	1416	Jane Clem			Business Che...	450.00	51,378.09
Check	4/9/2007	1423	Jane Clem			Business Che...	450.00	51,828.09

## Attachment D

### What is the complete scope of services offered to Hartford Public Schools?

In addition to the services described above generically, Elite Fund, Inc. will, in partnership with Hartford Public Schools, abide by the following scope of services:

- 
1. Elite Fund, Inc. provides **consultative services only**. Elite Fund provides no products or services which qualify for E-Rate funding.
    - a. Elite Fund recommends no product, service, or vendor.
    - b. It is the district's responsibility to make **all** decisions regarding applications, vendors, products, or services.
  2. The service provided by Elite Fund shall be related to the activities associated with all E-Rate funding years during the Hartford Public School's 2011-12 fiscal year regardless of the SLD funding year.
  3. Elite Fund will analyze district Technology Plans for potential gaps between their existing plan and E-Rate requirements, if requested.
    - a. Any consultant work to develop and/or revise plans will be charged at a separate negotiable rate in addition to the scope of this proposal.
    - b. Upon review of the Technology Plans as listed, it may be our recommendation that some schools modify and update their plans to be in compliance with SLD guidelines depending upon services and products requested.
    - c. Elite Fund is not responsible for the content, completeness, or implementation of a district's technology plan. It is the district's responsibility to fully comply with all NCLB, state, and E-Rate technology guidelines.
  4. Elite Fund will complete Form 470 for Tier I services in consultation with district contact.
    - a. The district is responsible for development of appropriate technology specifications and bid language for the requested services.
    - b. Elite Fund will prepare the Form 470 and provide all information and documents to the district for signatures and submission to the SLD.
    - c. Elite Fund will post district RFP online in location as specified by consortium leader.
  5. Elite Fund will complete Form 471 for Tier I services based upon district decisions.
    - a. The district is responsible for the solicitation of additional bids beyond those received as a result of the Form 470.
    - b. The district will maintain all documentation in support of their bid process and decisions in accordance with district guidelines and policies.
    - c. The district will develop and adhere to any decision criteria appropriate to the district's own policies, state law, and federal E-Rate rules.
    - d. Elite Fund will prepare and provide all information/documents to the district for signature and submission to the SLD – Form 471 and all appropriate attachments.
  6. Elite Fund will assist with post-Form 471 PIA reviews with the district being the primary point of contact.
  7. Upon receipt of FCDL, Elite Fund will complete Form 486 and submit it to the district for signatures and submission to the SLD to start the revenue stream.
  8. Elite Fund will work with each district contact and approved vendor to receive E-Rate funds through discounted or non-discounted bills based upon district decision. Elite Fund will complete all BEAR forms for non-discounted services. Accounting for such non-discounted services received will be the district's responsibility.
  9. Service as described will be included for **Tier II applications** (internal connections) for districts/buildings that may qualify at the 80% level or higher.
    - a. If desired, Elite Fund will complete Tier II applications for entities qualifying at less than 80% based upon a separately negotiated contract with each entity.



# Attachment E

February 18, 2011

To Whom It May Concern:

The table below indicates the number of total customers for Elite Fund, Inc. from 2004 to 2010 and then the total number of customers that used the service provider Casair.

<b>Funding Year</b>	<b>Total Number of Customers</b>	<b>Total Number of Applicants that Selected Casair</b>
2004	19	5
2005	28	2
2006	41	8
2007	61	2
2008	76	1
2009	93	0
2010	115	0